

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
Relating to the Fiscal Year 2023 Employer Contribution Rate
For the Teachers' Retirement System

Resolution 2021-07

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for each of the funds entrusted to it; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, AS 37.10.220(a)(8) requires the Board to coordinate with the retirement system administrator to conduct an annual actuarial valuation of each retirement system to determine system assets, accrued liabilities and funding ratios, and to certify to the appropriate budgetary authority of each employer in the system an appropriate contribution rate for normal costs and an appropriate contribution rate for liquidating any past service liability determined by a level percent of pay method based on amortization of the past service liability for a closed term of 25 years; and

WHEREAS, AS 14.25.070 establishes a statutory employer contribution rate of 12.56 percent and AS 14.25.085 requires additional state contribution to make up the difference between 12.56 percent and the actuarially determined contribution rate; and

WHEREAS, the Buck schedule dated October 11, 2021 determines that the actuarially determined contribution rate for pension benefits is 17.90 percent composed of the normal cost rate of 2.24 percent and past service rate of 15.66 percent; and

WHEREAS, the Buck schedule dated October 11, 2021 determines that the actuarially determined contribution rate for postemployment healthcare benefits is 0.00 percent composed of the normal cost rate of 2.72 percent and past service rate of negative 7.93 percent; and

WHEREAS, the Buck schedule dated October 11, 2021 presents the employer rate incorporating the total cost of the Defined Contribution Retirement Plan of 6.72 percent;

NOW THEREFORE, BE IT RESOLVED BY THE ALASKA RETIREMENT MANAGEMENT BOARD, that the Fiscal Year 2023 actuarially determined contribution rate attributable to employers participating in the Teachers' Retirement System is set at 24.62 percent, composed of the contribution rate for defined benefit pension of 17.90 percent, the contribution rate for postemployment healthcare of 0.00 percent, and the contribution rate for defined contribution pension of 6.72 percent.

DATED at Juneau, Alaska this 11th day of October, 2021.



Chair

ATTEST:



Secretary

State of Alaska
Allocation of Projected FY23 Employer and Additional State Contributions

Based on June 30, 2020 Valuations
with Liabilities Rolled Forward Two Years and
Assets Rolled Forward One Year and Smoothed
Healthcare Normal Cost of Zero

	PERS					TRS	
	Non-State Employers		State as an Employer		All Employers		
Projected FY23 DB Payroll	\$ 391,701,000		\$ 382,871,000		\$ 774,572,000	\$ 291,514,000	
Projected FY23 DCR Payroll	824,546,000		805,958,000		1,630,504,000	463,287,000	
Projected FY23 Total Payroll	\$ 1,216,247,000		\$ 1,188,829,000		\$ 2,405,076,000	\$ 754,801,000	
	Percent of Total Payroll	Estimated Dollar Amount	Percent of Total Payroll	Estimated Dollar Amount	Estimated Dollar Amount	Percent of Total Payroll	Estimated Dollar Amount
Employer Contributions							
DB Pension Plan							
1. Normal Cost	2.37%		2.37%			2.24%	
2. Past Service Cost	13.22%		16.01%			3.60%	
3. Total: (1) + (2)	15.59%	\$ 189,613,000	18.38%	\$ 218,507,000	\$ 408,120,000	5.84%	\$ 44,080,000
DB Healthcare Plan							
4. Normal Cost	0.00%		0.00%			0.00%	
5. Past Service Cost	0.00%		0.00%			0.00%	
6. Total: (4) + (5)	0.00%	0	0.00%	0	0	0.00%	0
7. DCR Plan	6.41%	77,961,000	6.41%	76,204,000	154,165,000	6.72%	50,723,000
8. Total: (3) + (6) + (7)	22.00%	\$ 267,574,000	24.79%	\$ 294,711,000	\$ 562,285,000	12.56%	\$ 94,803,000
Additional State Contributions to DB							
9. DB Pension Plan	2.79%	\$ 33,933,000	0.00%	\$ 0	\$ 33,933,000	12.06%	\$ 91,029,000
10. DB Healthcare Plan	0.00%	0	0.00%	0	0	0.00%	0
11. Total: (9) + (10)	2.79%	\$ 33,933,000	0.00%	\$ 0	\$ 33,933,000	12.06%	\$ 91,029,000
Total DB							
12. DB Pension Plan: (3) + (9)	18.38%	\$ 223,546,000	18.38%	\$ 218,507,000	\$ 442,053,000	17.90%	\$ 135,109,000
13. DB Healthcare Plan: (6) + (10)	0.00%	0	0.00%	0	0	0.00%	0
14. Total: (12) + (13)	18.38%	\$ 223,546,000	18.38%	\$ 218,507,000	\$ 442,053,000	17.90%	\$ 135,109,000
Total DB and DCR: (7) + (14)	24.79%	\$ 301,507,000	24.79%	\$ 294,711,000	\$ 596,218,000	24.62%	\$ 185,832,000

Notes:

- Projected FY23 payroll is based on the June 30, 2020 valuation projections assuming 0% population growth.
- Additional State Contributions for FY22 were assumed to be made 100% to pension.
- All contribution rates are expressed as a percentage of total payroll of DB and DCR combined.
- FY21 investment return, contributions, subsidies, benefit payments, and administrative expenses are based on preliminary June 30, 2021 asset statements provided by the State. FY22 investment return, contributions, subsidies, benefit payments, and administrative expenses are based on the June 30, 2020 valuation projections assuming 0% population growth. Investment gains and losses are recognized over 5 years beginning June 30, 2014.
- Total contribution rates for pension and healthcare are not less than the Normal Cost rates.
- SB 55, which became effective July 1, 2021, is reflected for PERS. Payroll for the State's PERS employees was assumed to be 49.43% of total PERS payroll based on the June 30, 2020 valuation data.
- Healthcare past service rates are allowed to reduce the total Healthcare rates to zero. The Pension past service rates were adjusted to keep the total contribution rates at 22% (PERS) and 12.56% (TRS).
- Data, plan provisions, assumptions, and methods are as described in the June 30, 2020 actuarial valuation reports, except as noted above.